

WEST BASIN MUNICIPAL WATER DISTRICT**AUGUST 15, 2002 – Finance Committee**
Smith, Dear**AUGUST 26, 2002 – Board Meeting**

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Submitted by: Sharon Koike

Approved by: Darryl G. Miller

INFORMATION CALENDAR

DISTRICT BANKING FEESSUMMARY:

During the budget process, the Board requested staff to review the annual bank fees for banking services in order to compare the cost of banking services provided by Union Bank of California and other qualified banks. Staff identified the bank services currently utilized by the District in the daily operations. These services primarily include the following: daily cash downloads; daily cash sweeps; daily check processing; monthly bank statements; standard banking supplies; cash transfers and wire services; direct payroll deposits; electronic payroll tax deposits; daily courier deposit services; transfers to deposit/withdraw from the Local Agency Investment Fund (LAIF); investment services; escrow services; negotiated demand deposits, and other miscellaneous bank services requested as needed. In addition, Union Bank of California is the trustee for the District's outstanding bonds and processes all interest and bond payments as they come due.

The role of LAIF in the District's cash and investment strategy has also been beneficial to the District. Access to funds maintained in LAIF is more cost-effective if the bank used is a depository bank to LAIF. For those banks that are direct depositors with LAIF, no transaction fees for transfers are incurred. Other banks can make transfers to/from LAIF; however, those transfers are charged a wire transfer fee of approximately \$8-\$15 per transaction. The District averages 15 transactions per month with LAIF. According to LAIF, other LAIF direct depositors include the following banks: Bank of America; California Bank and Trust; United California Bank; US Bank; West America; and Wells Fargo Bank.

District staff met with Union Bank of California to assess our current banking needs and to determine what steps could be taken to reduce or eliminate the monthly banking fees. Staff requested Union Bank to analyze the cost of the current services utilized by the District, and asked Union Bank to provide some alternatives or less costly methods available to reduce the annual banking fees for the same services. Staff will meet with Union Bank again to discuss their findings and will present the results to the Board to determine if further action is required.

In addition, staff contacted several other banks and inquired if they provide the same or similar type of banking services to government entities. For those banks that do provide these services, the District requested their schedule of fees for comparison. An initial review showed that similar services are provided, and the pricing appears to be comparable.

The following is a list of banks contacted and the responses:

Bank Contacted	Response
JP Morgan	No longer in Government Services area
Wells Fargo	Received Schedule of Fees and Services – LAIF depositor
Chase Manhattan	No response
City National	Received Schedule of Fees and Services
First Business	Received Schedule of Fees and Services
California Bank & Trust	Received Schedule of Fees and Services – LAIF depositor
State Street	No longer in the Commercial Bank business
US Bank	Received Schedule of Fees and Services – LAIF depositor

FISCAL IMPACTS:

Adequate funds have been included in the fiscal year 2002-03 operating budget.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Finance Committee on August 15, 2002 and agendized to the August 26, 2002 Board meeting as information.

RECOMMENDED MOTION:

This item is for information only.